



## CHARTWELL ANNOUNCES FOURTH QUARTER & YEAR END 2017 RESULTS AND INCREASE TO DISTRIBUTIONS

**MISSISSAUGA, ONTARIO** – February 22, 2018 – Chartwell Retirement Residences (“Chartwell”) (TSX: CSH.UN) announced today its results for the fourth quarter and for the year ended December 31, 2017.

### Q4 2017 and 2017 Highlights

- Funds from operations (“FFO”) up 9.7% in Q4 2017 and up 5.7% in 2017
- Same property adjusted net operating income (“NOI”) up 7.6% in Q4 2017 and up 4.3% in 2017
- Distributions increase 2.1% as of March 31, 2018

“Building on the successes achieved in 2016, our operating teams produced another year of excellent operating results in 2017. I attribute this success to the everyday focus of our residence management and front line employees on enhancing the resident experience by delivering exceptional services and quality care. Their efforts are supported by our experienced and dedicated corporate and regional office teams and by our unique corporate culture and management systems,” commented Brent Binions, President and CEO. “We have come a long way in building our culture, management capabilities and our real estate portfolio and have created an exceptional business model to continue to build long-term, sustainable value for our unitholders for many years to come.”

### Financial Highlights

(\$000s, except per unit amounts and number of units)	Three Months Ended December 31		Year Ended December 31	
	2017	2016	2017	2016
Resident revenue	\$ 197,762	\$ 182,652	\$ 752,775	\$ 714,380
Direct property operating expense	\$ 136,966	\$ 128,177	\$ 520,376	\$ 495,227
Net income from continuing operations	\$ 714	\$ 12,826	\$ 13,082	\$ (710)
Total comprehensive income	\$ 714	\$ 15,053	\$ 13,082	\$ 4,796
FFO <sup>(1)</sup>	\$ 48,022	\$ 43,767	\$ 182,502	\$ 172,637
FFO per unit diluted <sup>(1)(2)</sup>	\$ 0.24	\$ 0.23	\$ 0.93	\$ 0.91
Weighted average number of units outstanding, diluted (000s) <sup>(3)</sup>	202,664	193,971	196,774	193,433

(1) FFO and FFO per unit diluted are measures used by management in evaluating operating performance. Please refer to the cautionary statements under the heading “Non-GAAP Financial Measures” in this press release.

(2) Includes dilutive effect of convertible debentures in 2016.

(3) Includes Trust Units, Class B Units of Chartwell Master Care LP, and Trust Units issued under Executive Unit Purchase Plan and Deferred Trust Unit Plan.

In Q4 2017, resident revenue and direct property operating expenses increased 8.3% and 6.9%, respectively, primarily due to the growing contribution from developments and acquisitions and growth in resident revenue and direct operating expenses in the same property portfolio.

In Q4 2017, net income from continuing operations and total comprehensive income decreased by \$12.1 million and \$14.3 million, respectively, primarily due to higher direct property operating expenses, higher negative changes in fair value of financial instruments, higher financing costs, general, administrative and Trust (“G&A”) and other expenses, partially offset by higher resident revenues.

In Q4 2017, FFO increased \$4.3 million or \$0.01 per unit diluted primarily due to higher adjusted NOI, partially offset by higher financing costs, G&A expenses and lower management fee and interest income. In Q4 2017, FFO was also reduced by \$1.0 million (2016 – \$0.1 million) of lease-up-losses related to properties in development. The per unit amounts were also impacted by higher weighted average units outstanding from the public offering of Trust Units completed on November 24, 2017.

In 2017, resident revenue and direct property operating expenses increased 5.4% and 5.1%, respectively, primarily due to the growing contribution from developments and acquisitions and growth in resident revenue and direct property operating expenses in the same property portfolio.

In 2017, net income from continuing operations and total comprehensive income increased \$13.8 million and \$8.3 million, respectively, primarily due to higher resident revenues and lower negative changes in fair values of financial instruments, partially offset by higher direct property operating expenses, G&A expenses, depreciation and amortization and financing costs. In addition, 2016 total comprehensive income included \$5.5 million income from discontinued operations.

In 2017, FFO increased \$9.9 million or \$0.02 per unit diluted primarily due to higher adjusted NOI and other income, partially offset by higher G&A expenses, financing costs, and depreciation of leasehold improvements and amortization of computer software. In 2017, FFO was reduced by \$3.7 million (2016 – \$0.1 million) of lease-up-losses related to properties in development.

## Operating Performance

(\$000s, except occupancy)	Three Months Ended December 31			Year Ended December 31		
	2017	2016	Change	2017	2016	Change
Same property occupancy <sup>(1)</sup>	<b>93.3%</b>	93.8%	(0.5pp)	<b>93.0%</b>	93.5%	(0.5pp)
Same property adjusted NOI <sup>(2)</sup>	<b>\$ 66,922</b>	\$ 62,177	\$ 4,745	<b>\$ 261,906</b>	\$ 251,093	\$ 10,813
G&A expenses	<b>\$ 9,221</b>	\$ 8,227	\$ 994	<b>\$ 38,007</b>	\$ 33,838	\$ 4,169

(1) *pp = percentage points*

(2) *Adjusted NOI is a measure used by management in evaluating operating performance and includes Chartwell's proportionate share of equity-accounted joint ventures. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.*

In Q4 2017 and in 2017, same property occupancy declined by 0.5 percentage points, due to higher-than-normal resident turnover in the winter months of 2017 and short-term competitive pressures from new developments primarily in some Quebec markets.

In Q4 2017, same property adjusted NOI increased by \$4.7 million or 7.6%, and by \$10.8 million or 4.3% in 2017, driven primarily by regular annual rental rate increases in line with competitive market conditions and lower utilities expenses, partially offset by lower occupancies and higher staffing and food costs.

In Q4 2017, G&A expenses increased by \$1.0 million and by \$4.2 million in 2017, primarily due to higher staffing costs incurred to support the growing property portfolio and development activities, including management of Batimo projects. In addition, the increases were driven by higher non-cash unit-based compensation costs due to higher trading price of its Trust Units.

## Financial Position

At December 31, 2017, liquidity amounted to \$376.0 million, which included \$44.8 million of cash and cash equivalents and \$331.2 million of available borrowing capacity on our credit facilities. In addition, Chartwell's share of cash and cash equivalents held in its equity-accounted joint ventures was \$7.6 million.

The Interest Coverage Ratio on the rolling 12-month basis remained strong at 3.5 at December 31, 2017 compared to 3.7 at December 31, 2016. The Net Debt to Adjusted EBITDA ratio at December 31, 2017 was 6.9 compared to 7.3 at December 31, 2016.

## **Recent Developments**

On February 6, 2018, Chartwell completed the sale of its interests in three retirement residences in Quebec comprising 509 suites for \$32.0 million.

## **Distributions**

Chartwell announced today its fourth consecutive annual increase in monthly distributions. Monthly cash distributions will increase by 2.1% from \$0.048 per unit (\$0.5760 on an annualized basis) to \$0.049 per unit (\$0.5880 on an annualized basis) effective for the March 31, 2018 distribution payable on April 16, 2018.

## **Prior-Period Management's Discussion and Analysis ("MD&A") Restatement of Certain Disclosure**

In connection with a continuous disclosure review by the Ontario Securities Commission, Chartwell has revised its approach with respect to its disclosure of non-GAAP financial measures in order to give greater prominence to GAAP financial measures. As part of this revised approach, in its 2017 MD&A, Chartwell has restated certain historical disclosures for each of the year ended December 31, 2016, the three-month periods ended March 31 and June 30 2017, in order to provide greater prominence to Chartwell's GAAP measures for those periods. The restated information relates only to Chartwell's MD&A for the relevant periods, and no changes were made to Chartwell's financial statements for the same periods. There were no changes to reported Net Income or FFO figures resulting from these restatements.

Chartwell's financial statements, including its MD&A are available at [www.chartwell.com](http://www.chartwell.com). A detailed list of Chartwell's property portfolio can also be obtained under "Supplementary Information" in the "Investor Relations" section of the web site.

## **Investor Conference Call**

A conference call hosted by Chartwell's senior management team will be held **Friday, February 23, 2018 at 10:00 AM ET**. The telephone numbers for the conference call are: **Local: (416) 340-2217** or **Toll Free: (866) 696-5910**. **The passcode for the conference call is: 7022191#**. The conference call can also be heard over the Internet by accessing the Chartwell website at [www.chartwell.com](http://www.chartwell.com), clicking on "Investor Relations" and following the link at the top of the page. A slide presentation to accompany management's comments during the conference call will be available on the website. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are: Local: (905) 694-9451 or Toll Free: (800) 408-3053. The Passcode for the Instant Replay is 3451014#. The call, along with the accompanying slides, will also be archived on the Chartwell website at [www.chartwell.com](http://www.chartwell.com).

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## **About Chartwell**

*Chartwell is an unincorporated, open-ended trust which indirectly owns and operates a complete range of seniors housing communities from independent supported living through assisted living to long term care. It is the largest owner and operator of seniors residences in Canada. Chartwell's aim is to capitalize on the strong demographic trends present in its markets to maximize the value of its existing portfolio of retirement residences, and prudently avail itself of opportunities to grow internally and through accretive acquisitions.*

*Chartwell's Distribution Reinvestment Plan ("DRIP") allows unitholders to have their monthly cash distributions used to purchase units without incurring commission or brokerage fees, and receive bonus units equal to 3% of their monthly cash distributions. More information can be obtained at [www.chartwell.com](http://www.chartwell.com).*

**Forward-Looking Information**

*This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. The words “plans”, “expects”, “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “intends”, “anticipates”, “does not anticipate”, “projects”, “believes” or variations of such words and phrases or statements to the effect that certain actions, events or results “may”, “will”, “could”, “would”, “might”, “occur”, “be achieved” or “continue” and similar expressions identify forward-looking statements. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements.*

*While we anticipate that subsequent events and developments may cause our views to change, we do not intend to update this forward-looking information, except as required by applicable securities laws. This forward-looking information represents our views as of the date of this press release and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are not intended to represent a complete list of the factors that could affect us. See "Risks and Uncertainties" in the MD&A and risk factors highlighted in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.*

**Non-GAAP Financial Measures**

*Chartwell's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Management uses certain financial measures to assess Chartwell's financial performance, which are measures not defined in generally accepted accounting principles (“GAAP”) under IFRS. The following measures, FFO, FFO per unit diluted, Same Property Adjusted NOI, Interest Coverage Ratio, and Net Debt to Adjusted EBITDA Ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the 2017 MD&A available on Chartwell's website and at [www.sedar.com](http://www.sedar.com).*

For more information, please contact:

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